

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

JSW FINANCIAL INC., JAMES S. WARD,
DAVID S. LEE, EDWARD G. LOCKER,
RICHARD F. TIPTON, and DAVID C. LIN,

Defendants,

and

BLUE CHIP REALTY FUND LLC and
SHORELINE INVESTMENT FUND, LLC,

Relief Defendants.

Case No. 11-cv-1356 WHA

~~[PROPOSED]~~ FINAL JUDGMENT AS
TO DEFENDANT JAMES S. WARD

FINAL JUDGMENT AS TO DEFENDANT JAMES S. WARD

The Securities and Exchange Commission having filed a Complaint and Defendant James S. Ward having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment; waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment; and Defendant having admitted the facts set forth in the Consent of Defendant James S. Ward ("Consent") and acknowledged that his conduct violated the federal securities laws:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the

1 “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or
 2 instruments of transportation or communication in interstate commerce or by use of the mails,
 3 directly or indirectly:

- 4 (a) to employ any device, scheme, or artifice to defraud;
- 5 (b) to obtain money or property by means of any untrue statement of a material fact or any
 6 omission of a material fact necessary in order to make the statements made, in light of
 7 the circumstances under which they were made, not misleading; or
- 8 (c) to engage in any transaction, practice, or course of business which operates or
 9 would operate as a fraud or deceit upon the purchaser.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
 11 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
 12 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,
 13 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
 14 with Defendant or with anyone described in (a).

15 III.

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
 17 permanently restrained and enjoined from violating Sections 206(1) and (2) of the Investment
 18 Advisers Act of 1940 (the “Advisers Act”) [15 U.S.C. §§ 80b-6(1) and (2)], as an investment adviser,
 19 by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly:

- 20 (a) to employ any device, scheme, or artifice to defraud any client or prospective client; or
- 21 (b) to engage in any transaction, practice, or course of business which operates as a fraud
 22 or deceit upon any client or prospective client.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
 24 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
 25 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,
 26 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
 27 with Defendant or with anyone described in (a).

28 IV.

1 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
 2 permanently restrained and enjoined from violating Section 206(4) of the Advisers Act [15 U.S.C. §
 3 80b-6(4)] and Rule 206(4)-8 promulgated thereunder [17 C.F.R. § 275.206(4)-8], as an investment
 4 adviser to a pooled investment vehicle, by use of the mails or any means or instrumentality of
 5 interstate commerce, directly or indirectly:

- 6 (a) to make any untrue statement of a material fact or to omit to state a material fact
 7 necessary to make the statements made, in the light of the circumstances under which
 8 they were made, not misleading, to any investor or prospective investor in the pooled
 9 investment vehicle; or
- 10 (b) otherwise to engage in any act, practice, or course of business that is fraudulent,
 11 deceptive, or manipulative with respect to any investor or prospective investor in the
 12 pooled investment vehicle.

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
 14 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
 15 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
 16 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
 17 with Defendant or with anyone described in (a).

18 V.

19 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
 20 liable for disgorgement of \$2,415,969.98, representing profits gained as a result of the conduct
 21 alleged in the Complaint, together with prejudgment interest thereon in the amount of \$493,133.75,
 22 for a total of \$2,909,103.73. These amounts are deemed satisfied based on the entry of an Order of
 23 Restitution in *United States v. Ward*, Crim. No. 11-00393-001 TEH (N.D. Cal. Jan. 4, 2013),
 24 ordering Defendant to pay criminal restitution of \$8,628,963.44 on a joint and several basis.

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that a civil monetary penalty shall not be imposed based on the 60-month prison sentence imposed on Defendant following his conviction in *United States v. Ward*, Crim. No. 11-00393-001 TEH (N.D. Cal.).

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the allegations in the complaint are true and admitted by Defendant, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment for 90 days.

X.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: April 12, 2016


UNITED STATES DISTRICT JUDGE